TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE

FISCAL NOTE

HB 68 – SB 1135

March 3, 2009

SUMMARY OF BILL: Requires the Commissioner of Revenue to establish a system of registration and registration renewal to allow owners of four or more commercial motor vehicles to apply for registration and renewal for all motor vehicles on the same date. Such system shall require these registrations and renewals to expire on February 28 of each year.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - $55,900/One-Time
$8,700/Recurring

Increase Local Expenditures – Exceeds $69,300/One-Time*
$182,400/Recurring*

Assumptions:

- According to the Department of Revenue (DOR), there are approximately 313,900 commercial vehicles registered in Tennessee.
- Of the 313,900 registered commercial vehicles, approximately 100,900 belong to owners who own four or more such vehicles.
- Of the 100,900 registrations, one-twelfth (8,408) are estimated to expire at the end of February under current law; thus leaving approximately 92,492 commercial vehicle registrations that expire at the end of other months.
- Of the 92,492 registrations, it is assumed that for at least 75 percent (69,369), owners will request conversion of their registrations such that the expiration date will become the end of February instead of the end of other months.
- County clerk offices will be impacted as a result of the estimated 69,369 commercial vehicle registrations converting to the month of February from other months of the year. There is expected to be additional one-time local government expenditures resulting from the initial conversion process, and additional recurring expenditures for handling a

disproportionate number of renewals during the month of February in subsequent years.

- It is reasonably estimated that one-time local government expenditures will be at least the equivalent of $1.00 per converted registration; thus increasing one-time local government expenditures by an amount estimated to exceed $69,300 (69,369 x $1.00 = $69,369). This assumes all conversions are administered during the owner's current month of renewal.
- Assuming the 69,369 converted registrations are distributed evenly across the 95 county clerks of the state, allows for an average of 730 additional registrations to be processed by each county clerk office during the month of February each year. Further assuming that each February is a 20 work-day month, each county clerk office would have to process approximately 37 additional registrations per day during the month of February. County clerks are anticipated to require additional resources for the month of February that is the equivalent of one additional position per county clerk. It is assumed that such county clerks would hire temporary employees for the month of February to fill this need. Assuming an average wage of $12 per hour, the increase to recurring local government expenditures is estimated to be $182,400 per year ($12 x 8-hour day x 20 days x 95 counties = $182,400).
- DOR is also expected to incur an increase of expenditures, both one-time and recurring.
- One-time state expenditures for computer and software modifications to the Title and Registration User System for Tennesseans (TRUST) estimated to be $55,900.
- DOR indicates that approximately three percent of all vehicle registrations contain errors requiring research and resolve by the Titling and Registration Division. As a result, the number of additional registrations requiring research during the month of February each year is estimated to be 2,081 (69,369 x 3% = 2,081). DOR indicates that the average time to clear such issues is approximately 10 minutes per renewal. This is the equivalent of 347 additional work hours each February. Such increased workload would require DOR to either pay overtime to existing staff or hire at least two temporary employees during the month of February each year. Assuming a total average cost of $25 per hour, the increase to recurring state expenditures is estimated to be $8,700 per year (347 x $25 = $8,675).
- According to DOR, there should be no impact to revenue derived from such motor vehicle registrations.

*Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

James W. White, Executive Director

/rnc